

BUSINESS OPPORTUNITY

CC-GRBA001-07

Department of the Interior

National Park Service

**Proposal to Operate the a Food and Beverage and Retail operation
At the Lehman Caves Visitor Center
Within Great Basin National Park**

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TABLE OF CONTENTS

INTRODUCTION	1
Information Provided in the Description of Business Opportunity	1
National Park Service and Its Mission.....	1
Great Basin National Park	2
Legislated Purpose and Significance of the Park.....	2
Compliance with Federal, State, and Local Laws and Park Jurisdiction.....	4
General Management Plan/Development Concept Plan (GMP).....	5
MARKET AREA OVERVIEW.....	5
Regional Market	5
Great Basin Visitation.....	7
Camping.....	10
EXISTING CONCESSIONER OPERATION.....	10
Current Operations.....	10
The Existing Concession Authorization	11
Historical Financial Information.....	12
FUTURE CONCESSION OPERATIONS	12
Facilities.....	12
Utilities	12
Site Visits.....	13
INVESTMENTS	13
FRANCHISE FEES.....	13
TERM AND EFFECTIVE DATE OF THE DRAFT CONTRACT.....	13
LAW, REGULATION, POLICY AND PARK INFORMATION.....	14



INTRODUCTION

This Prospectus describes in general terms the existing business and Business Opportunity for food and beverage services as well as the retail sales of gifts and souvenirs within Great Basin National Park ("Park"). These visitor services will be authorized through National Park Service Concession Contract CC-GRBA001-07. Potential offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the Draft Contract, including its exhibits, to determine the full scope of future Concessioner's responsibilities under the Draft Contract. All interested parties must apply using the guidelines in the Proposal Instructions and Proposal Package.

The existing Concessioner is a Preferred Offeror who is eligible to exercise a right of preference to the award of the Draft Contract in accordance with 36 CFR Part 51. That right of preference allows the Preferred Offeror (if it submits a responsive proposal for the Draft Contract) to match in accordance with the requirements of 36 CFR Part 51 the terms and conditions of a competing proposal determined to be the best responsive proposal. This solicitation is being conducted in accordance with the National Park Service Concessions Management Improvement Act of 1998, 16 U.S.C. § 5951 et seq., and its implementing regulations, 36 CFR Part 51.

Any inconsistency in this solicitation shall be resolved by giving precedence in the following order: (a) 36 C.F.R. Part 51; (b) Draft Contract; (c) Proposal Instructions; (d) Proposal Package; (e) Appendices; and (f) Business Opportunity.

Information Provided in the Description of Business Opportunity

The data, information, and assumptions included in this discussion of the Business Opportunity are based on a review and interpretation of available public records, National Park Service records, and consultation with knowledgeable sources. On this basis, the data, information and assumptions are believed to be accurate. However, the National Park Service makes no representations or warranties as to the accuracy or completeness of such data, information, and assumptions. Offerors are responsible for undertaking appropriate due diligence with respect to this Business Opportunity. Should any Offeror believe any statement in the Business Opportunity or elsewhere in the Prospectus to be inaccurate, the Offeror must submit comments to the National Park Service in writing, no later than 30 days following the issuance of the Prospectus.

National Park Service and Its Mission

The National Park Service was created by Congress to

...conserve the scenery and the natural and historic objects and the wild life therein, and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. §1)

Additionally, Congress has declared that the National Park System should be,

...preserved and managed for the benefit and inspiration of all the people of the United States. (16 U.S.C. §1a-1)

The overall mission of the National Park Service is the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage.



To learn more about the National Park Service, visit the NPS website at www.nps.gov. This site includes information about the agency, its mission, policies, and individual park unit information.

Great Basin National Park

Great Basin National Park is located in White Pine County in east-central Nevada. The Park is approximately 400 miles east of Reno, 300 miles north of Las Vegas, and 250 miles southwest of Salt Lake City, Utah. Ely, Nevada, the county seat of White Pine County is located approximately 70 miles west of the Lehman Caves Visitor Center. The small community of Baker, Nevada, is located in the Snake Valley, just five miles east of the Park visitor center. Access to the Park visitor center is via paved highways. No regularly scheduled public transportation is available.

Exhibit 1. – Total Visitation to Great Basin National Park

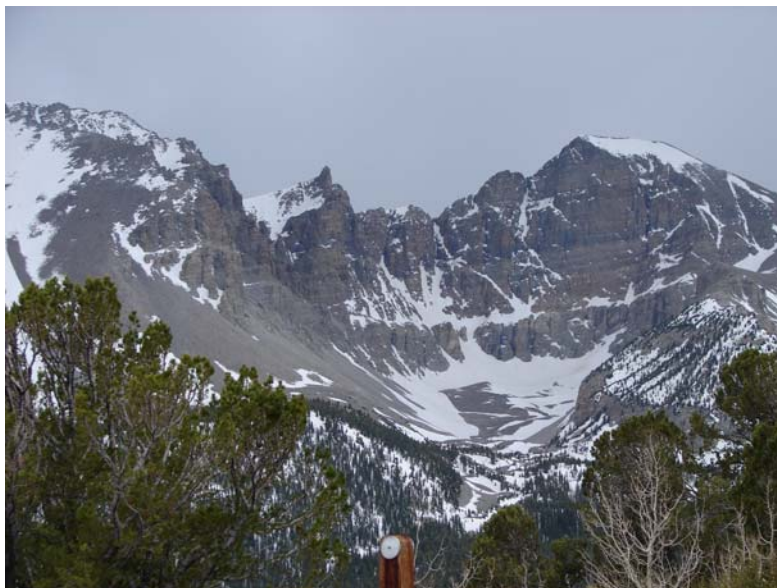
	2001	2002	2003	2004	2005	Avg. Annual Change
Visitors	81,712	85,777	87,020	79,879	77,741	-993
% change	-	5.00%	1.50%	-8.20%	-2.70%	-1.10%

Source: National Park Service

Legislated Purpose and Significance of the Park

Great Basin National Park was established by Public Law 99-565 on October 27, 1986, to "...preserve for the benefit and inspiration of the people a representative segment of the Great Basin of the Western United States possessing outstanding resources and significant geological and scenic values...." The legislation directs the Secretary of the Interior to "...protect, manage, and administer the Park in such manner as to conserve and protect the scenery, the natural, geologic, historic, and archaeological resources of the Park, including fish and wildlife and to provide for the public use and enjoyment of the same in such a manner as to perpetuate these qualities for future generations."

Great Basin National Park is significant in its preservation of an outstanding segment of the Great Basin physiographic region. Unique and important ecological features which are distinctive of the Great Basin are found within the Park. Individual plant communities, which reflect the conditions found in their particular environments, extend from the dry lower elevations of the Park, through forested mid zones, to harsh alpine areas, all within the space of a few miles. At least three separate groves of ancient bristlecone pine trees, the oldest living trees on earth, are found on windswept ridges and moraines in the Park. Wildlife,

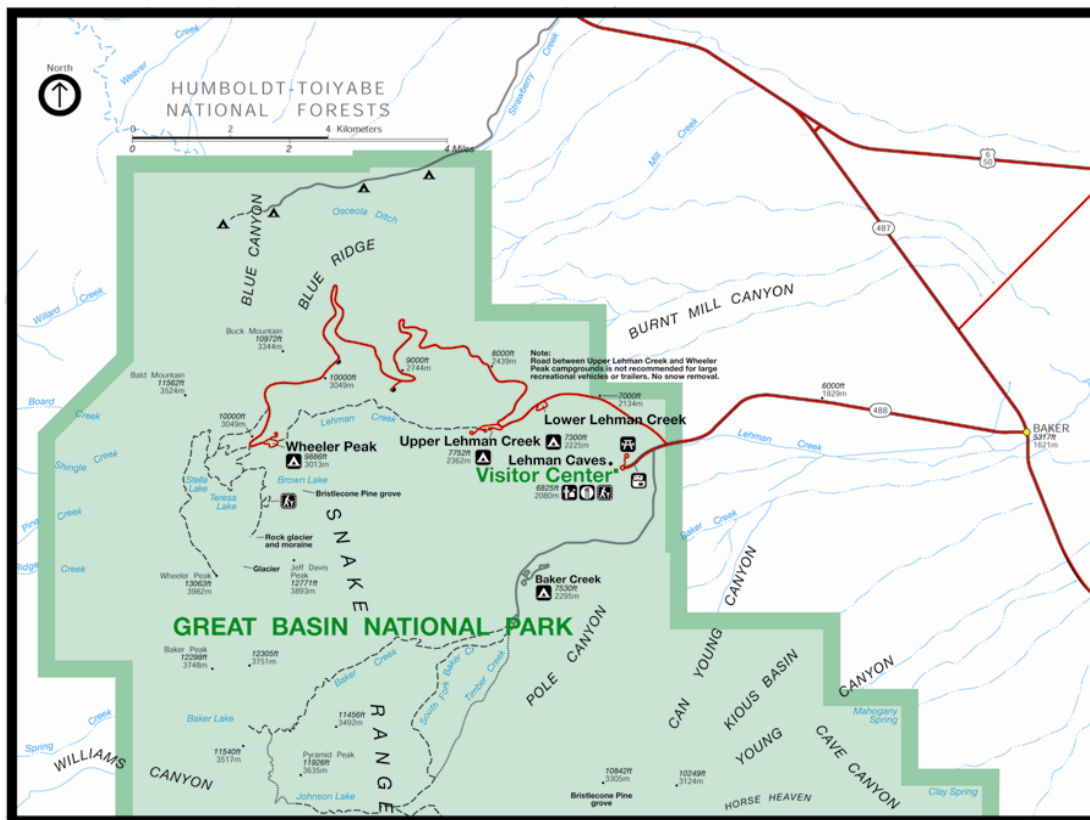


typical of the region, inhabits the Park. The Park also includes significant habitat which is necessary for the survival or reintroduction of federal and/or state recognized threatened or endangered species or candidate species being considered for listing.

The convergence of a variety of ecological factors at Great Basin National Park, including climate, hydrology, pristine air quality, genetic isolation, relict communities, cave environs, and steep elevational gradients, make the area a prime laboratory for studying global climate change.

The Park contains superior examples of natural, geologic and scenic values. The mountains of the South Snake Range located within the Park display striking examples of glaciation, and include a small active glacier, unique to Nevada and the central Great Basin. Scenic vistas within the Park and of the surrounding basin and range province are enhanced by the unparalleled air quality. Visibility here is typically among the best in the entire nation. Similarly, water in the alpine lakes of the Park is remarkably clean and pollution free.

Exhibit 2. –Great Basin National Park Area



Source: National Park Service

The Park also contains large areas of limestone bedrock which contain numerous caves, with their unique formations and rare life forms. Lehman Caves, which was established as a National Monument in 1922 and is now incorporated within the Park, is undoubtedly the best known and most visited cave in the Park. Along the public tour route within Lehman Caves, all phases of cave formation and development can be easily viewed.



The entire spectrum of secondary cave decorations; stalactites, stalagmites, flowstone and other speleothems, are present. Lehman Caves also exhibits one of the finest displays of the rare, circular, shield or palette formation.

Finally, Great Basin National Park contains significant examples of archaeological and historic resources connected with early human habitation and use of the region.

Great Basin National Park provides representation within the National Park System for a number of themes identified in the National Park System Plan. This document, which was initially published in 1972, was an attempt to identify significant natural and cultural history themes throughout the country, and to identify their representation within the National Park System. Several gaps in adequate representation were noted, including the Great Basin area, which was mentioned specifically. Natural themes which have achieved representation within the Great Basin natural region with Park establishment are in the categories of Landforms of the Present, Geologic History, Land Ecosystems, and Aquatic Ecosystems. Cultural themes represented in the Park include Original Inhabitants, Westward Expansion, and America at Work.

Compliance with Federal, State, and Local Laws and Park Jurisdiction

Great Basin National Park operates under the jurisdiction of the federal government. The National Park Service exercises proprietary jurisdiction within the Park.

Law enforcement is conducted by National Park Service rangers holding federal law enforcement commissions. Federal laws and regulations are enforced by these officers. Local and state law enforcement officers enter the Park and enforce local and state law as well. The Park has a General Agreement with the White Pine County Sheriff's Office that describes the law enforcement and mutual aid relationships.

Structural fire protection is provided by an agreement with the volunteer fire department in Baker. The Park is responsible for wildland fire protection.

Public health codes are prescribed by the United States Public Health Service (USPHS), and inspections are conducted in accordance with model codes they have issued. The Public Health Consultant, from the USPHS, inspects the food service operation and supervises the operation of the Park's water supply and sewage disposal systems.

State health inspections are conducted on restaurant operations on a schedule the State will determine. The State requires a fee for this mandatory service. The State also reviews plans and drawings for appropriate health and safety requirements.

Although operations are conducted on federal property, the Concessioner is subject to state and local laws and ordinances in the same manner as if they operated outside of the federal holding. Business permits normally required must be secured and taxes normally payable must be paid.



General Management Plan/Development Concept Plan (GMP)

The Park's General Management Plan, which was begun in December, 1986, and was completed on March 2, 1993, with the signing of the Record of Decision, describes the Park's broad goals for directing managerial as well as commercial and developmental activities. It provides the framework upon which proposals for Park development and use will be built, as well as the starting point for other needed action plans. This plan was amended in early 2000. The latest Superintendent's Compendium of Designations, Closures, Permit Requirements and Other Restrictions Imposed Under Discretionary Authority, was released in August of 2004 and can be found at:

<http://www.nps.gov/applications/Parks/grba/ppdocuments/8-17-04%20Compendium%202004.doc>. Park management has recognized the need for a Cave Management Plan and hopes to begin this planning process in the near future.

MARKET AREA OVERVIEW

Regional Market

The Park is located in White Pine County, Nevada. White Pine County is centrally located in the inter-mountain west. Ely, Nevada sits at the junction of U.S. Highways 50 (east to west) and 93 (north to south). The community is served by Scenic Airlines, Ely BUSS, overnight express mail and motor freight service to surrounding urban areas.

Exhibit 3. –Great Basin National Park Area and Vicinity



Source: National Park Service



White Pine County's work force includes a wide variety of occupations and skill levels in its primary employment sectors of mining, government employment, services and trade. In addition to professional occupations, White Pine County residents have training and experience as: diesel mechanics, electricians, maintenance mechanics, drillers, blasters, mill operators, welders, heavy equipment operators, truck drivers and lab personnel, as well as security personnel, general laborers, clerical workers and administrative staff. Government employment includes the Bureau of Land Management, U.S. Forest Service, the Nevada State Department of Prisons at the maximum security prison and the Ely Honor Camp, as well as the state and local governments and the school district. Services and trade employment is concentrated in tourist related businesses including motels, restaurants, casinos and the community's retail trade establishments.

Exhibit 4. –Distance from GRBA to Urban Centers

Cities	Population 2000	Mileage
Boise, ID	185,787	463
Denver, CO	554,636	622
Las Vegas, NV	478,434	286
Los Angeles, CA	3,722,500	574
Phoenix, AZ	1,321,045	578
Reno, NV	180,480	385
Sacramento, CA	407,018	519
Salt Lake City, UT	181,743	234
San Francisco, CA	776,733	610

Source: www.elynevada.net and Great Basin National Park Staff

Unemployment is currently at 3.6 percent; fluctuations in the gold and copper market, turnover, and the spouses of employees relocating to White Pine County to work in the mines and at the state prison provide a readily available work force. In addition, job opportunities in White Pine County attract interest from qualified applicants from all areas of the United States. The Employment Security Division is linked with America's Job Bank and the Internet to recruit skilled workers from all over the United States.



Exhibit 5. –Employment by Industry (10/2003 – 9/2004)

	Number Employed	Average Wages	Total Annual Payroll
Mining	150	\$76,960	\$13,852,800
Construction	100	\$31,820	\$3,182,040
Manufacturing	40	\$30,596	\$1,233,872
TCPU	80	\$36,764	\$3,308,760
Trade-Retail	570	\$16,484	\$10,714,600
Trade-Wholesale	60	\$31,152	\$1,896,067
FIRE	100	\$28,912	\$2,831,200
Service	580	\$18,772	\$12,201,800
Government	1350	\$35,100	\$47,385,000
TOTAL	3080	\$32,377	\$93,596,360

Source: www.elynevada.net

Some of the top employers in the county are:

- State Government
- White Pine County School District
- William Bee Ririe Hospital
- White Pine County
- Hotel Nevada
- Bald Mountain Mine

Great Basin Visitation

Visitation to Great Basin National Park has fluctuated annually in close rhythm with trends throughout the National Park System. The compound annual growth rate of recreational visitation from 2000 to 2005 was -4.1%. This trend, along with a comparison to three other Parks in the vicinity, is delineated in Exhibit 4.

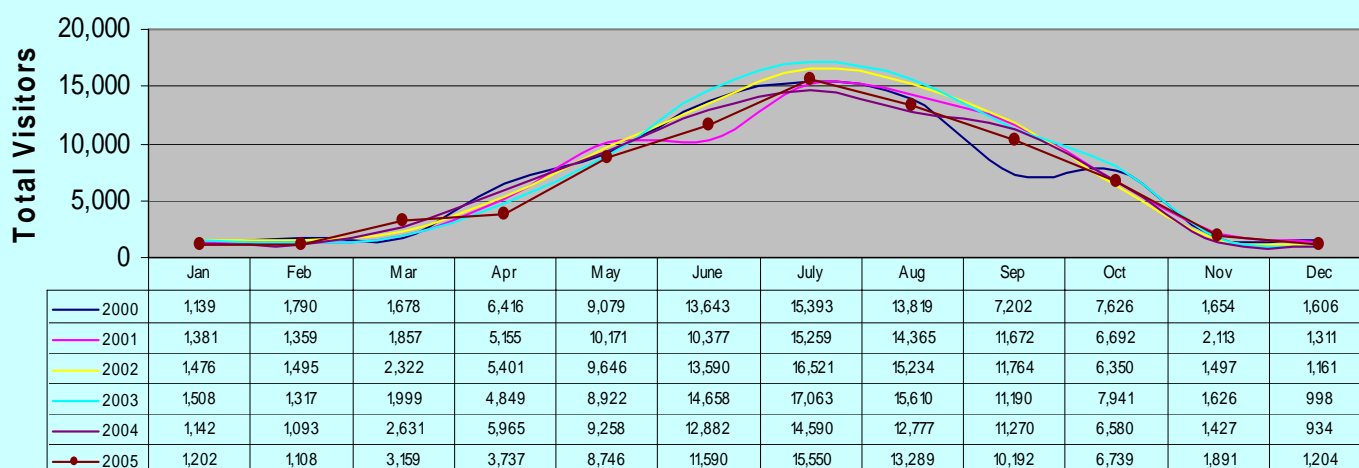


Exhibit 6. – Regional National Parks Annual Visitation

Park	2000	2001	2002	2003	2004	2005	*CAGR
GRBA	81,045	81,712	85,777	87,020	79,879	77,741	
% Rate of Change	-10.10%	0.80%	5.00%	1.50%	-8.20%	-2.70%	-4.10%
CRMO	211,642	185,799	183,573	178,824	183,111	203,332	
% Rate of Change	-1.80%	-12.20%	-1.20%	-2.60%	2.40%	11.00%	-3.90%
LAME	8,755,005	8,465,547	7,550,284	7,915,581	7,819,984	7,692,438	
% Rate of Change	-3.00%	-3.30%	-10.80%	4.80%	-1.20%	-1.60%	-12.10%
DEVA	1,179,094	1,014,636	897,596	890,375	764,820	800,113	
% Rate of Change	-4.00%	-14.00%	-11.50%	-0.80%	-14.10%	4.60%	-32.10%

Source: National Park Service – * Compound Annual Growth Rate

Note: Great Basin National Park (GRBA), Craters of the Moon National Monument (CRMO), Lake Mead National Recreation Area (LAME), and Death Valley National Park (DEVA)

Exhibit 7. – Great Basin National Park Monthly Visitation**GRBA Monthly Visitation**

Source: National Park Service

The following current and future audience profiles are based on NPS visitor studies in 1988 and 1990 as well as staff observations. The profiles are meant only to give an idea about Park visitors and audiences – many visitors may fall into more than one category, or not into any of the categories.

Day Users – The visitor study found that 35% of Park visitors were on day trips to Great Basin. Many of these visitors come from the metropolitan Salt Lake City area. This group includes visitors who come to the area for a variety of recreational purposes: cavers, photographers, artists, writers, niche nature groups, bikers, rock-art viewers, anglers, skiers, cyclists, 4-wheelers, ATV users, climbers, hikers, horseback



riders, gatherers, and snowshoers. This group also contains a considerable number of foreign visitors and senior citizens.

Hour Users – These visitors spend a short time in the Park, often one to three hours, and their visit is usually limited to a Lehman Caves tour and a drive on the Wheeler Peak scenic drive. Some of these visitors are on a weekend outing perhaps staying with visiting family or relatives; others are on bus tours, while others are just stopping by Great Basin on the way to another destination.

Multi-Day Users – More than 40% of visitors spend one to two days in the Park or the area, either camping in one of the Park campgrounds, camping in the backcountry, or staying overnight in local lodgings. These visitors have more time to attend evening programs, walk some of the Park trails, and explore a little more of the Park. Many of these visitors visit Great Basin as part of a longer trip to other National Parks in the southwest. Few visitors backpack in the backcountry.

Educational Groups – Great Basin received visits from 1735 students in 1998 (the last year for which this data is available), most of whom visited Great Basin on a day trip from communities within a four hour-drive (Elko, Delta, Garrison, Salt Lake City, Las Vegas, etc.) A few groups spend the night because of the long travel times. Most of the school groups were from elementary schools. The Park also receives other educational and service groups, such as Boy Scouts, Elderhostel groups, and college field camps; some stay a week or more in the Park. This group also includes teachers participating in workshops, Natural History Association seminars, and members of the media.

Local Residents – Many local residents have enjoyed access to the area long before it became a National Park, and most go directly to their favorite places or trailheads. Local residents will often bring out of town guests to the Park. Several generations of local residents have owned grazing permits in the Park.

Partners – This category includes employees or representatives of partner organizations and agencies, researchers and scientists, and employees of the Park, the concession, or the natural history association. Great Basin receives a small number of researchers and science field camps. Researchers work on a variety of issues ranging from archeology to cave surveys to stream surveys, and the amount of time they spend in the Park varies considerably.

Virtual Visitors – Many residents of the Great Basin, the United States, or the world may never visit Great Basin National Park for economic, accessibility, or many other reasons. However, they may still have an interest in the Park and its resources and may enjoy “armchair” visits to the Park. Many school groups and students may fall into this category.



Camping

All Park camping is on a first come, first served basis. No reservations can be made (except for the Grey Cliffs Group Campground). The fee for developed campgrounds is \$12.00 per night per site. Campsites are limited to 8 people and 2 vehicles per site. There is no fee for the primitive campgrounds. Pets in the campgrounds must be kept on a leash 6 feet in length or shorter at all times. Pets are not permitted on Park trails, except for the Lexington Arch Trail.

Exhibit 8. – Campgrounds

Campground	Elevation	Open	Close	Sites	Fee	Water
Lower Lehman	7,300 ft / 2200 m	All Year		11	\$12	Only in Summer
Wheeler Peak	9,886 ft / 3013 m	Jun	Sep	37	\$12	Only in Summer
Upper Lehman Creek	7,752 ft / 2362 m	May	Oct	24	\$12	Only in Summer
Baker Creek	7,530 ft / 2295 m	May	Oct	32	\$12	Only in Summer
Grey Cliffs Group Campground	7,115 ft / 2160 m	May	Sep	1	\$25 *	No
Primitive Campgrounds	Varies	All Year		many	free	No

* \$25 for groups up to 25 people, \$1 per person additional, up to 50 people max

Source: National Park Service

EXISTING CONCESSIONER OPERATION

Current Operations

The existing Concessioner is Lehman Caves Gift and Café and operates, pursuant to concession contract CC-GRBA001-98, a seasonal food and beverage service as well as a retail outlet for the sales of gifts and souvenirs (“Existing Concession”) at the Lehman Caves Visitor Center at Park headquarters.

The existing Concession operates about six and one half (6½) months out of the year, from approximately April 1 through mid-October. It is the only such business permitted to operate within the boundaries of Great Basin National Park, and it is located five miles from the nearest services in the small town of Baker, Nevada, which has a population of 85-100.



Exhibit 9. – Hours of Operation

Season	Open	Close	Employees
April 1 – Memorial Day	8:30am	4:00pm	2
Memorial Day – Labor Day	8:00am	5:00pm	5
Labor Day – Oct 15	8:30am	4:00pm	2

Source: National Park Service

Potential customers are attracted not only to the National Park as a whole, but to the well-known Lehman Caves. Cave tours begin at the visitor center in the same building in which the existing Concession operates, and many people patronize the cafe/gift shop while waiting for their cave tour. Each year, the National Park Service visitor center at Lehman Caves receives about 40,000 visitors.

The existing Concession is composed of an operation in the South end of the Visitor Center building, covering approximately 1400 square feet of operating space. A storage area of approximately 500 square feet of covered storage is located adjacent to the Existing Concession operation. The cafe and gift shop share the same operating space.



The seating consist of tables and counter spaces. The present configuration allows for approximately 16 persons to be seated at the tables and six persons at the counter. A limited number of food and beverage items may be purchased for carry-out.

The Existing Concession Authorization

The National Park Service has authorized the Existing Concession to operate through December 31, 2006. The existing Concessioner has operated satisfactorily during the term of the current concession authorization.



Historical Financial Information

In accordance to 36 CFR (see Appendix) the financial information for the most recent four operating seasons is provided. Historical annual gross receipts for the Existing Concession operation are:

- 2002 = \$199,877
- 2003 = \$183,251
- 2004 = \$175,262
- 2005 = \$185,379

In 2005, approximately \$6000 of the gross receipts was from the sale of Native American Handicrafts. These sales are specifically exempt from percentage-based franchise fees and do not total into the gross receipts total when calculating these fees.

Currently, the franchise fee consists of a flat fee of \$1765 annually. In addition, there is an annual building use fee of \$2100 for the portion of the government structure dedicated to providing this visitor service.

Offerors are responsible for producing their own prospective financial analysis and may not rely on any financial predictions provided by the National Park Service.

FUTURE CONCESSION OPERATIONS

The business is expected to continue past the life of this proposed ten-year concession contract. There is no room for expansion of facilities and no new types of services than those currently being provided are anticipated. Over the past four years visitation to the Park has fluctuated between 77,000 and 86,000 visitors per year. An expanded season for the operation is unlikely due to the local weather.

Facilities

The new Concessioner under the Draft Contract once awarded (“New Concessioner”) will be assigned the use of the south portion of the National Park Service visitor center at Lehman Caves. The building is a government owned building and used by the NPS to provide visitor services and administrative offices. The building area and land assigned are described in Exhibits C of the Draft Contract. Insurance requirements are included in Exhibit F of the Draft Contract.

All facilities assigned for use by the New Concessioner within the Park are government property. The Draft Contract prohibits any capital improvements to assigned government. The New Concessioner will be required to maintain and repair assigned facilities, as set out in Section 9 of the Draft Contract.

Cyclic maintenance expenditures to the assigned portion of the government building and facilities will be the responsibility of the New Concessioner.

Utilities

Water and sewage disposal are provided by the Park. The new Concessioner will be required to pay a user fee to the Park for both. In addition, both propane and electricity are provided by the Park to the Concessioner and are metered. The New Concessioner will be billed monthly by the Park for its use.



Trash removal is either provided by the Park for a fee, or arranged by the Concessioner. The total monthly utility cost, including trash removal, is approximately \$300 - \$400.

Site Visits

Offerors are strongly encouraged to visit the area, become familiar with its physical conditions and limitations. Due to Park's remoteness it is advisable that arrangements to visit the facilities be made prior to arriving onsite. Mr. Curt Dimmick, Chief Ranger, can be reached at (775) 234-7331 ext 216 to make arrangements.

INVESTMENTS

The Draft Contract prohibits the New Concessioner from constructing in the Park any Capital Improvements, as that term is defined in 36 C.F.R. Part 51 (a copy of which is included in the Appendices to this Prospectus) and any other applicable laws. However, pursuant to the terms of the predecessor concession contract, CC-GRBA001-98 (a copy of which is included in the Appendices to this Prospectus), the existing Concessioner is required to sell and the National Park Service is to require the New Concessioner to purchase the existing Concessioner's Possessory Interest in certain property improvements as well as tangible property used or held for use in connection with the Existing Concession. The predecessor concession contract, in particular Section 13, should be reviewed for more information on the required compensation.

The Possessory Interest is estimated to be \$0. The value of the tangible property is estimated as follows: other property is estimated to be \$4850; merchandise and supplies (inventory) are estimated to be \$16,500 (based on 2004 and 2005 Annual Financial Reports). These values are only estimates, and the final determined values could differ from these amounts. Additionally, the successful offeror will be required to possess sufficient equipment, supplies and inventory to provide the required services.

FRANCHISE FEES

A minimum annual franchise fee base on the Concessioner's gross receipts will be required. This minimum franchise fee will equal to three percent (3.0%) of the Concessioner's gross receipts for the preceding year or portion of a year. However, Offerors may propose a higher minimum franchise fee in accordance with the terms of the Prospectus.

TERM AND EFFECTIVE DATE OF THE DRAFT CONTRACT

The term of the Draft Contract is 10 years from its effective date. It is estimated that the effective date will be during October 2007. However, the effective date is subject to change at the discretion of the National Park Service, prior to contract award.



LAW, REGULATION, POLICY AND PARK INFORMATION

NPS Concessions Law, Regulation, Policy and information about Great Basin National Park can all be accessed on the Internet at the following web sites. These can also be found in the Appendices to the Prospectus.

Document or Information	Web Site
Concessions Management Improvement Act of 1998 (P.L. 105-391)	http://www.access.gpo.gov/su_docs/index.html or http://concessions.nps.gov/lbase.cfm
NPS Concession Management Regulations 36 CFR Part 51	http://www.access.gpo.gov/su_docs/index.html or http://concessions.nps.gov/lbase.cfm
NPS Management Policies, Chapter 10-Commercial Visitor Services	http://www.nps.gov/policy/mp/policies.pdf
Great Basin National Park	http://www.nps.gov/grba/

